

RETAIL DEVELOPMENT IN JEDDAH

INVESTMENT OPPORTUNITY SCORECARD

REAL ESTATE

SEPTEMBER 2021



REAL ESTATE RETAIL DEVELOPMENT IN JEDDAH

Public / متاح

High Potential

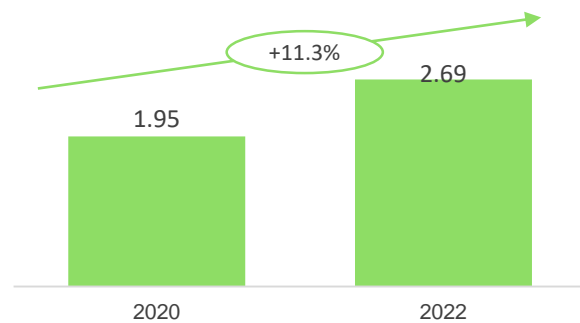
Moderate Potential

Low Potential

OPPORTUNITY'S DESCRIPTION: Opportunity to develop a retail offering in Jeddah near Historical District.

DEMAND

JEDDAH MARKET SIZE, Mn sqm



▪ The above graph shows the **retail** supply in Jeddah city

INVESTMENT OVERVIEW

INVESTMENT HIGHLIGHTS

- Expected investment size of SAR 38.80 Mn (development cost)
- Investment model options: leasing, shared revenue model or shared revenue model + fixed amount
- Estimated Project IRR (25-year lease term): 10%~12%
- Estimated Equity IRR (50:50 D/E ratio) 11%~13%

VALUE PROPOSITION

- KSA is transforming its cities into world-class retail destinations to become a global economic powerhouse and an international business hub.
- The Ministry of Municipality and Rural Affairs and Housing's (MOMRAH) firm commitment to investors by creating supporting regulatory ecosystem, launching key initiative such as Sharakat (partnership to codevelop properties) & Etmam (developer services center that provides certificates and licenses to fast-track development), and easy issuance of necessary permits showcases progress of this sector.
- MOMRAH is seeking to collaborate with the private sector for developing land parcels across the Kingdom of Saudi Arabia. The selected land parcel, owned by the municipalities, are strategically selected to be in close proximity to demand generators.
- Jeddah's mega projects will substantially increase economic activities in the region, impacting retail economic growth, adding 40,000 sq m of gross leasable area.

PROJECT OVERVIEW

- The proposed development consists of a retail plaza in a strategic location that will cater to the demand generated by the surrounding residential districts.
- The subject site is located in Al Sharafeyah district, close to Jeddah Historical Districts. Currently, a strip retail is partially developed on the site, but will be demolished to make room for the proposed development. Amenities located near the project site include:
 - Jeddah University 0.5 km away
 - Palestine Road: 0.8 km away
 - Haifaa Mall: 2 km away
- Furthermore, the developed infrastructure and parking spaces around the land plot optimizes the construction costs and enhances the development opportunity.

Land use	Area (sqm)	Gross Leasable Area (sqm)	%
Retail	6,230	3,855	100.0%
Total	6,230	3,855	100.0%



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PROJECT LOCATION



COORDINATES: 21.526864 / 39.185921

INVESTOR/ DEVELOPER ROLE



Studies, design and permits

The developer will be responsible for conducting all the necessary studies to secure commercial aspects of the project, develop all the designs of the project, and obtain the necessary government permits



Financing

The developer will bear the burden of securing funding of the project, whether through private sources, financing entities, or mix of various financing instruments



Operations and maintenance

The developer will be responsible for the operations and maintenance either by himself or through another professional entity



Marketing and leasing

The developer will be responsible for marketing and leasing out the units in the project



Execution

The developer will be responsible for the execution of all aspects of the project

ENABLING FACTORS

ENABLERS

- Developed lands or raw lands based on the tendered project
- Expedite attainment of permits and approvals
- Long term leasing contract for up to 50 years

COST OF DOING BUSINESS IN KSA

Factor	Ranking Amongst Regional Peers
Macroeconomic risk (100=high)	30
Productivity adjusted wages	\$3.3 /hour
Ease of getting credit (0 – 100)	50
Contract enforcement (0–100)	55
Construction Costs (Indexed to US, % 0 is cheapest)	74

KEY STAKEHOLDERS



وزارة الاستثمار
Ministry of Investment



وزارة الشؤون البلدية
والقروية والإسكان
Ministry of Municipal Rural Affairs & Housing



بوابة الاستثمار البلدي
FURAS | Gate to Municipal Investments



مركز خدمات المطورين
DEVELOPERS SERVICES CENTER

إتمام



Sources for Cost of Doing Business: EIU, World Bank

Bottom 25% Top 75% Top 50% Top 25%

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DEFINITIONS

#	SCORECARD SECTION	DEFINITION
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
7	Enablers	Factors that enable investment in the underlying opportunity
8	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region

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